

INFORMATION REPORT INFORMATION REPORT

CENTRAL INTELLIGENCE AGENCY

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REPORT

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1. Political - economic situation in E. Germany
2. military policy & changes in Warsaw Pact States
3. Order of Battle of USSR & satellites including training
4. Shipbuilding in East Germany

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A. Political - Economic

1. Situation in the GDR

- a. Differences within top-level SED circles caused general suspicion among the entire group of functionaries, who no longer believe in the assured position of any of the top functionaries. Ulbricht's intended proceedings against Rau failed to materialize only because of a hint by Moscow.

Selbmann must have a strong Soviet backing, otherwise it could not be explained that he failed to indulge in self-criticism after his return from Moscow. Neither did Schirdewan abandon his oppositional ideas.

Leuschner is being attacked from all sides; he will probably not be able to keep for long his key position in the GDR economy. Should he be succeeded by Rau or Selbmann, it would mean a heavy blow to Ulbricht.

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- b. The atmosphere among small party functionaries in heavy industry almost at the explosive stage. The comrades are not stupid enough to accept a 180-degree change of course without criticism. Schirdewan, Oelsner and particularly Selbmann, unlike Ulbricht are acknowledged among workers as legitimate economic authorities.

For the time being, Ulbricht has carried his point, if only at the risk of a very tense atmosphere. The most difficult imminent problem is the necessity to change the norms. A discussion in one enterprise became so violent that the Party management alerted the VP as a precautionary measure. Oelsner's view on the agricultural problem was spread in the country by word of mouth. The new propaganda wave for the LPGs met with scornful criticism. In addition, computations in the LPGs led to the conclusion that, with food rationing discontinued and government subsidies abolished, the value of work units and subsequently the income is bound to decrease by 30 to 40 percent.

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- c. An SED top functionary stated that Pervukhin, in the first place, was an uncorruptible authority on the problems of planned economy. Thus, he was kind of a nightmare for the SED since he could not be fooled. It was reportedly rumored among the SED Central Committee that Pervukhin's appointment had somehow been caused by Selbmann.

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- d. At the meeting of the National Council of the National Front, the small number of participating delegates and particularly Ulbricht's absence were noted. A high functionary stated that this meeting was meant as beginning of a propaganda offensive concentrating on the raising of norms and the imminent elections for the People's Chamber.

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As to the norms, an attempt is being made to focus public displeasure on the so-called "large-scale earners." He said that some 10 percent of the population had to put up with wage and premium reductions, while some 30 percent could expect raises. It was furthermore stated that the meeting had the main purpose to find new topics suitable to draw the general attention from discussions on the 35th Plenary Session of the Central Committee [redacted]

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(Comment: The situation in the GDR is still unresolved. Pervukhin has not yet arrived in Pankow. It is still undetermined if and to what extent the economic experts (Selbmann etc) and thus Ulbricht's opponents will be supported by Pervukhin. Grotewohl has not yet returned from the USSR. The announcement that Ulbricht is going on a 3-week leave outside the GDR, i.e. probably also to the USSR, is worth noting. It can be assumed that this leave was initiated by Moscow since, with the imminent reorganization of the economic administration and the announced purge of the party, Ulbricht is practically indispensable. It might well be possible that Moscow wants to withdraw Ulbricht temporarily from the front line, in order to have him participate in talks in Moscow and, at the same time, exert an increased influence on the development in the GDR. The situation is not without risk for Ulbricht; however, he is still almost indispensable within the framework of Moscow's status quo policy in Germany.)

2. Possible Changes in the Set-up of Military Headquarters of the Warsaw Pact States

Beginning in September 1957, the number of Soviet officers serving with the Polish Armed Forces has continually been reduced. Vacancies have in some cases been filled by officers from other Warsaw Pact countries. According to Polish opinion, this campaign was caused by Khrushchev's desire to make less apparent Moscow's dominating rôle within the Pact not only toward the West but also toward participating People's Democracies; at the same time, cooperation between the various satellite armies was to become so close that Moscow eventually could do without the Warsaw Pact as such, asking from the West the dissolving of NATO in exchange [redacted].

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(Comment: The withdrawal of numerous Soviet officers from the Polish Army has been known. However, no information has as yet been received indicating an increased exchange of officers of Warsaw Pact States. Such a measure would, on the other hand, agree with Khrushchev's known tendency to control satellite countries indirectly rather than directly, securing Soviet influence mainly by supporting Communist Parties in these countries.)

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3. Military Indifference of Population of USSR and Satellite Countries

On occasion of the 40th Anniversary of the Red Army, Marshal Bagranyan gave a lecture for representatives of the Warsaw Pact Organization, stating that peace propaganda had a very unfavorable effect on the population with regard to power of resistance and interest in military questions. According to the final resolution of the 4th DOSAAF Congress held in Moscow between 11 and 15 February, the Soviet population shows no interest whatsoever in military questions. The same applies to the satellite countries so that, particularly in Poland and Czechoslovakia, paramilitary organizations kept losing efficiency. The complete indifference of women to all questions concerning civilian defense was especially noted [redacted]

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4. Construction of Rocket Launching Bases in Red China

Soviet experts were to construct rocket launching bases in the northeastern Chinese provinces in 1958. Some 120 Soviet specialists have already arrived, while another 300 to 400 are expected to arrive in the spring. Approximately 180 Chinese officers and technicians left for the USSR, in order to receive training in the handling of the rockets. The first 10 bases are expected to be completed by the end of the year [redacted]

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(Comment: Since this is not the only indication of such a project, the information is given credence. It appears that, with its request for modern weapons, Peking got its way in Moscow although the location of rocket weapons at these bases does not necessarily mean their turning-over to the Red Chinese forces.)

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E. NavyI. USSR1. Reconstruction of Destroyer [] of the RIGA Class

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[] the destroyer had been observed in the Baltic, presumably in damaged condition. In the meantime, the vessel has apparently been overhauled and modernized in a shipyard in the Eastern Baltic.

The following changes were observed:

- a. Tripod mast has been replaced by trellis mast with known radar devices. However,
- b. Sea Net Radar is equipped with the new parabolic reflector reported as probable testing sample in [] The observation tends to confirm the assumption that the new device will be generally introduced.
- c. Bridge has been completely reconstructed and has now the shape with trellis-mast RIGAs.
- d. New device, apparently navigational instrument, possibly new model of the Diver device, observed on the front edge of the uppermost bridge deck []

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II. GDRNVA/See-Vessels

The following information was available on new constructions for NVA/See []

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KRAKE minesweepers: KRAKES [] have been turned over to NVA/See. KRAKE [] had quay acceptance [] no info has as yet been received on a turning-over to NVA/See.

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SCHWALBE minesweeping pinnaces: Upon completion of construction series, 48 SCHWALBES will be in operation, incl 9 with the SHD. Modernizing of SCHWALBES Construction [] was to start []

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SPERBER torpedo recovery vessel

: A deficiency on the exhaust pipe of SPERBER [] observed during the acceptance run has been repaired. SPERBER [] was scheduled to be 100 percent completed [] Turning-over to NVA/See has not yet been reported. Due to lack of equipment, the SPERBER cannot take aboard torpedos from the water but has to tow them alongside or sternwards.

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Floating tanks: Prior to the date of observation, 4 floating tanks had been completed.

Submarine chaser HAI: vessel 1 has been completed about 30 percent

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(Comment. KRAKES [] have tactical numbers []
[] The floating tanks are approximately 18 meters long, have a diameter of 5.8 to 6 meters and a reported capacity of 60 cubic meters. Another 26 floating tanks are scheduled to be constructed [] Submarine chaser HAI is at first to be constructed as a testing model only. Laying-out started [] The vessel is to receive a very light hull and, on deck, a sprinkling installation against atomic dust. The HAI is to be driven by 3 gas turbines, on the developmental stage of which no information has as yet been received. The vessel will be approx 58 meters long and 7 meters wide and is scheduled to be equipped with mine launching device on either side.)

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Hydrographic Service

It was stated on occasion of a meeting of the German Academy of Sciences (DAdW) in East Berlin [] the Seehydrographischer Dienst (Sea-Hydrographic Service) (SHD) in the GDR was to be considerably reduced. No reasons were given []

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(Comment. Although the above information has not yet been confirmed, such a reduction appears probable. Reasons for the measure may be first, the Soviet claim to leadership in the territory of satellite countries and second, the fact that, because of the strategic importance for the USSR of the Baltic, sea-hydrographic tasks are to be handled by the Soviet Navy. Similar to the GDR, where the SHD is subordinate to the NVA/See Navy, the hydrographic service in the USSR is handled by the Soviet Navy.)

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GDR Shipbuilding Program (Civilian Vessels)

Type of Vessel	Size		of these for			Shipyard
			USSR	GDR	others	
freighter type IV	10,000 tdw		-	4	1	Warnemuende
coal-ore freighter	7,000 tdw		4	-	-	Warnemuende
freighter with coal firing	4,524 tdw		-	-	-	Rostock
freighter with oil firing	4,524 tdw		-	-	2	Rostock
freighter with Diesel	4,524 tdw		5	-	-	Rostock
river passenger vessels	1,000 GRT		7	-	-	Wismar
sea-going passenger vessels	about 3-5,000 GRT		2	-	-	Wismar
passenger vessels for 80 persons			-	1	-	Berlin
passenger vessels for 250 persons			-	5	-	Berlin
motor coaster	399 GRT at least		-	-	yes	Boizenburg
cargo boats			-	-	yes	Boizenburg
motor cargo boat "GUSTAV KOENIGS"	900 tdw) appr.		-	-	8	Uebigau
motor cargo boat "GR. PLAUER MASSKAEHNE"	700 tdw		-	-	1	Rosslau
motor cargo boat	700 tdw		10	-	-	Rothensee
motor cargo boat "GR. PLAUER MASSKAEHNE"	700 tdw		-	8	-	Oderberg

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Type of Vessel	Size		USSR	CDR	others	Shipyards	
trawler factory ship	appr. 2,500 tdw		-	1	-	Wismar	
logger	160 tdw		59	-	-	Stralsund	
Island-logger	250 GRT		-	-	12	Stralsund	
medium trawler	appr. 900 tdw		20	-	-	Stralsund	
refrigerated cargo vessel			1	-	-	Stralsund	
fishing cutter 26 m			-	15	-	Boizenburg	
seiner	appr. 130 tdw		20	-	-	Brandenburg	
tanker	appr. 500 tdw		5	-	-	Boizenburg	25X1
inland tanker	appr. 700 tdw		-	-	11	Rosslau	
salvage vessel	685 tdw		5	-	-	Rostock	
railroad ferry	appr. 7,000 tdw		-	1	-	Rostock	
ice-breaker/tugboat, 500 PS			-	7	-	Brandenburg	
sea-going tug, 600 PS	appr.		10	-	4	Rothensee	
dredger			-	3	-	Berlin	
sea-going bucket dredger IV, 400m ³ /h)			2	-	-	Rosslau	
sea-going bucket dredger IVa, 400m ³ /h)			-	2	-	Rosslau	
repair ship			-	1	-	Brandenburg	25X1
small vessels for various purposes			-	350	-	Various	

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Shipping - Organizational Changes

- a. Following a resolution of the Central Committee Polit Bureau, a commission has been engaged in the reorganization of the Inland Waterways Administration [redacted]. It was suggested to dissolve the Inland Waterways Direktionen. It is planned to combine under the Administration of HV Wasserstrassen (waterways) all navigable waterways and hydraulic installations i.e. dikes, sluices, weirs and polders under the Administration of HV Waterways. Thus the water course and the hydraulic architectures would be managed by one and the same administration. As a result, The Ministry for Traffic and the Office for Water Balance are engaged in a struggle for power, the outcome of which is still uncertain.
- b. In accordance with recently set up laws on a change of working methods in the state apparatus, the following steps have so far been taken or will be taken:
- (1) The project "Seehafenbau Rostock" (construction of Rostock maritime harbor) was handed over to Rostock district. Investment funds for the project have so far been provided by HV Waterways.
 - (2) VEB Deutsche Seebaggerei Rostock (VEB German Sea Dredging) and VEB Schiffsbergung und Taucherei Stralsund (VEB Ship Salvage and Diving) were also handed over to Rostock district.
 - (3) VEB Fahrgastschiffahrt (Passenger Shipping) and VEB Häfen (Harbors) will be dissolved. Some tasks of these installations will be assigned to VEB Deutsche Binnenreederei (German Inland Shipping) or local administrations, i.e. Bezirke, Kreise and cities. This transmission is

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scheduled to be generally accomplished

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- (4) Departments to be dissolved with HV Shipping in the Ministry for Traffic (MfV) include the Dispatcher group, Inland and Sea Shipping.

(Comment. No conclusions can be drawn on possible results of the planned subordination of waterways and hydraulic installations to one and the same administration. It remains to be seen if the rationalization of the administration will actually cut down on red-tapism.)